Westports Holdings (WPRTS MK)

US-Iran War Impact Centring On Fuel Costs and Volume

HOLD (Maintained)	
Share Price	RM5.65
Target Price	RM5.75
Upside	+1.8%
Previous TP	RM5.55

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Highlights

- **Earnings risks from fuel costs already exceed 2022's.** Despite WPRTS's commendable efforts in energy efficiency, the market price of commercial diesel for industrial use already exceeds the peak levels of Jun 22 (RM5.55). We project every +US$10/bbl in implied Brent price will result in -1.3% of our earnings forecasts, and diesel was last quoted to be trading at the equivalent of US$160/bbl. Delivery of 60 electric trucks (Etrucks) will only occur in end-26.
- **WPRTS growth is intact on short-term war scenario.** WPRTS maintains a medium-term volume growth guidance of 5% p.a. until 2028 (when CT10 of WP2 is expected to startup), and a guidance that existing CT1-9 terminals (of 13.7m capacity) can handle up to 12.5m TEUs (or 92% utilisation). Management targets a 5% upgrade in total ground slots (TGS) by 3Q26. The last TGS expansion boosted capacity by 12%, and was completed in 4Q21 for over RM100m. Maintain HOLD with a higher target price of RM5.75

Analysis

- **Container growth intact under a short-term US-Iran war scenario.** at under 5% p.a. Firstly, WPRTS' direct exposure to the West Asia region is below 5% of container volume. Coincidentally, the Middle East is just at 4.7% of global ports throughput. For gateway volume only, direct exposure is smaller at below 4%. Secondly, there is negligible containership capacity that was stranded inside the Persian Gulf, and capacity that was waiting outside of Hormuz, both which peaked at 1.4% and 0.8% of global fleet respectively in early-Mar 26. These figures declined to 1.0% and 0.2% of global fleet by mid-Apr 26, due to clearance of vessel backlog and shipping liners' quick redeployment away from the Middle East.
- **We assume WPRTS may benefit from competition.** PSA Singapore's Mar 26 container volume grew by 4.3% yoy (1Q26: +6.3%), reinforcing our short-term view and the SOM ports' appeal for their alternative transshipment routes and key hub for ASEAN trades. However, Kuehne+Nagel revealed that since the start of 2026, both Singapore and PTP have been heavily congested. Part of PTP's capacity (Berth 4) is recently closed for new quay crane commissioning, and Berth 1 had been unavailable due to RTG disposal. For WPRTS, we understand that its yard density/ congestion had eased from over 100% at times in 2025 to 70% since Feb 26. Moreover, the Ministry of Transport's recent directive to ports to not store any empty containers (but redirect them to depots) seems to help keep WPRTS' yard density stable.

Key Financials

Year to 31 Jan (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	2,281	2,552	2,683	2,855	3,000
EBITDA	1,449	1,690	1,794	1,927	2,030
Operating profit	1,194	1,403	1,505	1,619	1,701
Net profit (rep./act.)	893	1,010	1,080	1,160	1,210
Net profit (adj.)	893	1,010	1,080	1,160	1,210
EPS	26.2	29.6	31.7	34.0	35.5
PE	23.3	20.6	19.3	18.0	17.2
P/B	5.5	5.0	4.7	4.4	4.1
EV/EBITDA	14.2	12.8	11.8	10.8	10.8
Dividend yield	3.2	3.6	3.9	4.2	4.3
Net margin	39.4	39.3	40.3	40.6	40.3
Net debt/(cash) to equity	7.8	2.9	6.7	9.0	11.2
Interest cover	26.0	16.5	16.2	15.9	14.6
ROE	30.5	32.1	33.2	34.1	34.0
Consensus net profit	-	-	1,167	1,167	-
UOBKH/Consensus (x)	-	-	0.98	1.00	-

Source: Westports, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	**Industrials**
Bloomberg ticker	WPRTS MK
Shares issued (m)	3,422.0
Market cap (RMm)	19,416
Market cap (US$m)	4,622.0
3-mth avg daily t'over (US$m)	3.9

Price Performance (%)

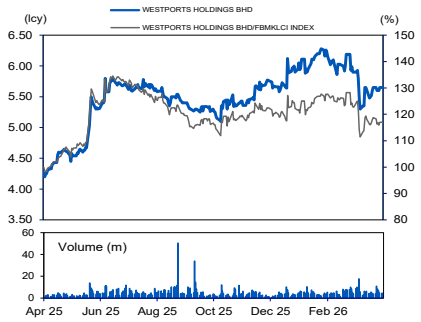
52-week high/low RM6.33/RM4.18

1mth	3mth	6mth	1yr	YTD
(4.7)	(9.0)	7,4	29.9	(0.4)

Major Shareholders

	%
Gnanalingam Family	45.5
SouthPort	23.6
KWAP	6.0

Price Chart



Source: Bloomberg

Company Description

An integrated facility situated at the Port Klang, Malaysia's premier port. It offers container-handling services, whereby volumes are in the twenty-foot equivalent units (TEUs). WPRTS also offers value-added services (VAS) supporting container handling. VAS services include storage, reefer, container freight, removal etc. Westports 2 (WP2) expansion will nearly double its capacity to 28m TEUs, covering Container Terminals (CT)10-17.

- **However, a long-term war scenario entails downside risk on volume growth.** During the COVID period, the industry saw supply constraints coinciding with surging demand. This time, it is not containership disruption but rising bunker prices (in the form of fuel surcharges, slower vessel speed) that will result in demand destruction. When fuel runs out, it will accelerate vessel layups. Please refer to RHS for the related macroeconomic assumptions.
- **Earnings risk from rising fuel costs is also unprecedented…** We assume every US$10/bbl increase in implied Brent price will lead to a 1.3% drop in our earnings forecast. As reference, WPRTS' fuel costs in 2022 were RM201m (Brent average: US$101/bbl), and RM141m for 2025 (Brent average: US$69/bbl). This is despite WPRTS achieving the following: a) 8% of electricity consumed in 2025 derived from solar power, and b) better efficiency of diesel-powered tractors resulting in 2025's diesel consumption being only 1.4% higher yoy vs container volume growth of 3%. In other words, while lower diesel volume may still be a realistic assumption, it is tougher to predict prices.
- **…and has surpassed 2022's risk.** Notice we highlighted the "implied Brent price" in our analysis. According to the Domestic Trade Ministry, the commercial price of diesel for industrial use hit RM5.55 in Jun 22, which was also the peak of diesel prices during the Russia-Ukraine war. Today, the refined product shortage is more acute. O&G industry executives viewed that diesel was priced at an implied Brent price of US$160/bbl. Consistent with their view, unsubsidised diesel at the pump peaked at RM6.72 earlier this month but commercial diesel directly procured from oil companies was higher at RM8.00 The delivery of 60 Electric trucks (Etrucks) remains unchanged for end-26. .
- **ESG update: WPRTS to benefit from full crackdown of e-waste containers.** Aligning with the Basel Action Network, the government's absolute ban on e-waste became effective in Feb 26. The nation's long battle against the illegal industry resulted in 701 e-waste containers seized nationwide between 2021-2025, of which 428 containers were repatriated to their countries of origin. In 2Q25 alone, 106 e-waste containers were seized, Interestingly, about 90% of these containers originated from the US. Since Jan 26, a multi-agency crackdown operation "Ops Green Shield" was executed about 21 times, and cumulatively seized 254 e-waste containers. In its 4Q25 result briefing, WPRTS guided that e-waste will no longer be meaningful in 2026. Previously, WPRTS' gateway business and VAS partly benefitted from this cargo, but intensifying enforcement has since reduced container mix to below 5%.

Valuation/Recommendation

- **Maintain HOLD, with a higher target price of RM5.75**. Premised on DCF until 2070 horizon (ie partial WPRTS 2 expansion), this implies a 18x 2026F PE and 11x EV/EBITDA. We recommend a wait-and-see approach for a lower entry point given that global ports (compiled under Drewry's Port Equity Index) had outperformed the market YTD by 8%, but has yet to price in downside risk, especially on fuel costs.

Earnings Revision/Risk

- **No change to earnings forecasts.** Although there is clear downside risk from rising fuel costs with added uncertainty on volume growth, we prefer to await WPRTS' guidance during its 15 May results release.

Straits of Malacca (SOM) ports statistics

m TEUs	4Q24	1Q25	2Q25	3Q25	4Q25
Westports (WPRTS)	2.87	2.69	2.88	2.87	2.90
Growth (%)	*0.0*	*0.7*	*5.5*	*6.3*	*0.0*
Port Klang	3.78	3.53	3.80	3.87	3.93
Growth (%)	*2.2*	*2.0*	*3.7*	*3.6*	*4.1*
Port Tanjung Pelepas (PTP)	3.05	3.17	3.70	3.54	3.62
Growth (%)	*7.9*	*11.1*	*19.3*	*9.1*	*18.5*
PSA Singapore	*10.41*	*10.55*	*11.17*	*11.50*	*11.45*
Growth (%)	*3.9*	*5.8*	*8.6*	*9.8*	*10.1*
SOM*	*17.24*	*17.25*	*18.66*	*18.91*	*19.01*
Growth (%)	***4.2***	***5.9***	***9.5***	***8.3***	***10.2***
WPRTS SOM share (%)	*16.6*	*15.6*	*15.4*	*15.2*	*15.3*

Note: SOM combines Port Klang, Port of Tanjung Pelepas (PTP) and Port of Singapore (PSA)
Source: WPRTS, Ministry of Transport (MOT) Malaysia, Port of Singapore Authority (PSA), UOB Kay Hian

Macroeconomic Forecasts For 2026

%	Pre-war	Short-term	Stress
IMF, Global GDP growth	3.4	3.1	2,0
Drewry, Global container growth	2.2	1.3	0.5

Source: IMF, Drewry

WPRTS Key Data From Annual Reports

	2021	2022	2023	2024	2025
Port capacity, m TEUs	13.6	13.7	13.7	13.8	13.8
Container volume, m TEUs	10.4	10.1	10.9	11.0	11.3
Quay cranes (QC)	65	63	66	66	66
Diesel consumed, m litres	52.4	51.3	51.7	52.2	52.9
Fuel costs, RMm	119	201	164	155	141
RTG cranes, conventional	115	115	115	114	101
RTG cranes, variable/hybrid	86	103	103	103	111
Terminal tractor (TT)	601	607	607	607	602

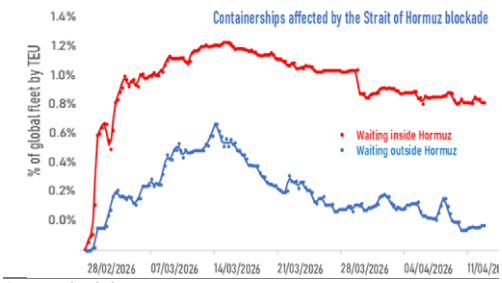
Source: WPRTS **Note: Rubber Tired Gantry (RTG)*

TGS Expansion Is Key To WPRTS Growth

- To recap, **WPRTS' <5% container volume p.a.** growth guidance until 2028 (the year of WP2 commencement) is premised on the **5% expansion progress of its Total Ground Slots (TGS) by 3Q26.**
- Port Klang's 2026 target growth is 1.5% to 15.4m TEUs
- TGS is the key indicator of **WPRTS container storage capacity.** TGS capacity was 46,922 pre-pandemic.
- 4Q20: Invested RM81m for Zone Z (CT9), adding 4,201 TGS
- 4Q21: **Cumulative capex at >RM100m** for additional yard capacity, adding 1,332 TGS. **Cumulative TGS growth: +12**%
- Necessary to **address surging yard density** from <70% to 100% on occasions during the pandemic. This was primarily due to **increased dwell time**, which surged from 4-5 days in 2018, to as high as 13 days in Jan 22 respectively.

Source: WPRTS

Containership Impacted By Hormuz



Source: Linerlytica

ESG update

- **Westports' commitment to adopt automation**. In 17 Apr 2025, WPRTS launched its state-of-the-art Automated Gate System (AGS). Tests revealed that the AGS was able to cut processing time from 40-60 seconds (export) to <15 second (all). This underscores its commitment to digital transformation and sustainable port operations, aligned to the relevant United Nation Sustainable Development Goals (UN SDG):
- **Goal 8: Decent work and economic growth.** Automation boosts operational efficiency and reduces costs.
- **Goal 9: Industry, innovation and infrastructure.** Foster innovation and modernization cccccccof port operations
- **Goal 11: Sustainable cities and communities.** Efficient cargo movement reduces congestion and emissions, and improves urban logistics
- **Goal 12: Responsible consumption and production.** Reduces resource waste through automation and improving process accuracy

DCF valuation and target price

	Stage 1 (2026-54)	Stage 2 (2054-2070)
EBITDA CAGR (tariff hike)	4.0%	3.0%
EBITDA CAGR (no tariff hike)	3.0%	1.1%
Maintenance Capex (RMm)	110	110
Max Capacity on TEU/hectare	47,550	59,488
Max Capacity on TEU/crane	146,074	182,748
DCF (RMm)	3,800.9	16,118.1
Risk Free Rate		5.0%
Beta (x)		0.9
Tax Rate		25%
Cost of Equity		8.1%
Cost of Debt		4.0%
WACC		7.1%
Enterprise Value (RMm)		19,919.0
- Net Debt, FY26F (RMm)		(299.5)
Target Price, RM		**5.75**

Source: UOB Kay Hian estimates

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**2,552**	**2,683**	**2,855**	**3,000**
EBITDA	1,690	1,794	1,927	2,030
Deprec. & amort.	287	288	308	328
EBIT	1,002	1,080	1,160	1,210
Total other non-operating income	(8)	0	0	0
Associate contributions	(8)	0	0	0
Net interest income/(expense)	1,296	1,398	1,501	1,567
Pre-tax profit	**(294)**	**(318)**	**(341)**	**(356)**
Tax	0	0	0	0
Net profit	**1,010**	**1,080**	**1,160**	**1,210**
Net profit (adj.)	1,010	1,080	1,160	1,210

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	1,636	1,560	1,476	1,385
Other LT assets	5,678	5,978	6,378	6,778
Cash/ST investment	1,315	1,230	1,421	1,599
Other current assets	264	180	249	346
Total assets	**8,892**	**8,947**	**9,524**	**10,108**
ST debt	937	749	789	822
Other current liabilities	225	150	151	152
LT debt	730	930	1,224	1,517
Other LT liabilities	404	404	404	404
Shareholders' equity	4,169	4,442	4,734	5,040
Total liabilities & equity	**8,892**	**8,947**	**9,524**	**10,108**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**1,291**	**1,469**	**1,211**	**1,480**
Pre-tax profit	1,296	1,398	1,501	1,567
Tax	(254)	(318)	(341)	(356)
Deprec. & amort.	287	288	308	328
Associates	(3)	(3)	(4)	(4)
Working capital changes	81	(154)	16	14
Other operating cashflows				
Investing	**(523)**	**(610)**	**(650)**	**(689)**
Capex (growth)	(538)	(134)	(134)	(134)
Proceeds from sale of assets	(50)	(500)	(500)	(500)
Others	64	24	(16)	(56)
Financing	**(890)**	**(605)**	**(663)**	**(700)**
Dividend payments	(752)	(808)	(867)	(905)
Issue of shares	0	0	1	2
Proceeds from borrowings	50	444	444	444
Loan repayment	(225)	(150)	(150)	(150)
Others/interest paid	37	(91)	(91)	(91)
Net cash inflow (outflow)	**55**	**(4)**	**167**	**159**
Beginning cash & cash equivalent	**729**	**784**	**780**	**948**
Changes due to forex impact	48	0	0	0
Ending cash & cash equivalent	**832**	**780**	**948**	**1,107**

Key Metrics

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	63.5	67.6	68.2	69.4
Pre-tax margin	49.9	51.9	52.8	54.0
Net margin	30.5	31.7	33.1	35.0
ROA	14.8	15.8	16.5	17.4
ROE	30.4	31.7	33.1	35.0
Growth				
Turnover	26.5	33.3	43.5	55.3
EBITDA	47.2	65.0	79.3	97.6
Pre-tax profit	47.4	61.7	76.8	95.9
Net profit	37.2	48.6	62.4	80.0
Net profit (adj.)	37.2	48.6	62.4	80.0
EPS	37.2	48.6	62.4	80.0
Leverage				
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5
Debt to total capital	28.3	28.3	33.3	37.5
Debt to equity	28.3	28.3	33.3	37.5

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